

# **EXHIBIT 19**

## **Redacted**

**In The Matter Of:**

*(C-"FHFA") FEDERAL HOUSING FINANCE AGENCY, ETC.*

*v.*

*HSBC NORTH AMERICA HOLDINGS INC., ET. AL.*

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***SAMUEL HERRNISON - Vol. 1***

*October 15, 2013*

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**MERRILL CORPORATION**

**Legalink, Inc.**

225 Varick Street  
10th Floor  
New York, NY 10014  
Phone: 212.557.7400  
Fax: 212.692.9171

SAMUEL HERRN SON - 10/15/2013

Page 1

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

FEDERAL HOUSING FINANCE  
AGENCY, AS CONSERVATOR FOR :  
THE FEDERAL NATIONAL  
MORTGAGE ASSOCIATION AND :  
THE FEDERAL HOME LOAN  
MORTGAGE CORPORATION, :

Plaintiff, : 11 CIV. 6189

vs.

: (DLC)

HSBC NORTH AMERICA HOLDINGS,  
INC.; HSBC USA, INC.; HSBC :  
MARKETS (USA), INC.; HSBC  
BANK USA, N.A.; HSI ASSET :  
SECURITIZATION CORPORATION;  
HSBC SECURITIES (USA), INC.; :  
NEAL LEONARD; GERARD MATTIA;  
TODD WHITE; NORMAN CHALEFF; :  
and JON VOIGTMAN, :

Defendants.

-----X

Videotaped Deposition of SAMUEL HERRN SON,  
held at the offices of QUINN EMANUEL  
URQUHART & SULLIVAN LLP, 51 Madison Avenue,  
New York, New York, before Frank J. Bas, a  
Registered Professional Reporter, Certified  
Realtime Reporter and Notary Public within and  
for the State of New York.

SAMUEL HERRN SON - 10/15/2013

Page 2

1 A P P E A R A N C E S:

2

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24 (Present via Telephone)

25

SAMUEL HERRNSON - 10/15/2013

Page 3

1 A P P E A R A N C E S C O N T I N U E D

2

3 MAYER BROWN LLP

4 Attorneys for the HSBC Defendants and the

5 Witness

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8 BY: JOHN M. CONLON, ESQ.

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10 MARK G. HANCHET, ESQ.

11 mhanchet@mayerbrown.com

12 CHARLES S. KORSCHUN, ESQ.

13 ckorschun@mayerbrown.com

14

15 ALSO PRESENT:

16 Michael Drenkalo, Videographer

17

18

19

20

21

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SAMUEL HERRN SON - 10/15/2013

Page 4

1	-----I N D E X -----		
2	WITNESS	EXAMINATION BY	PAGE
3	SAMUEL HERRN SON	MR. WILLIAMS	13
4			
5	----- EXHIBITS MARKED IN TODAY'S SESSION -----		
6	NUMBER		FOR ID
7	Exhibit 42800.....		15
8	Deposition Background Questionnaire		
9	(No Bates)		
10			
11	Exhibit 42801.....		52
12	E-mails Ending at E-mail dated 3/16/07		
13	From M. Wirth to S. Herrnson, with		
14	Attachments		
15	HSBC-FHFA 01363391 - 329		
16			
17	Exhibit 42802.....		91
18	E-mails Ending at E-mail dated 3/7/06		
19	From M. Wirth to P. Norris, with		
20	Attachments		
21	HSBC-FHFA 03335363 - 394		
22			
23			
24			
25			

SAMUEL HERRNISON - 10/15/2013

Page 5

1	----- EXHIBITS CONTINUED -----	
2		
3	Exhibit 42803.....	103
4	E-mail dated 7/6/06 from	
5	S. Herrnison to P. Chmiel	
6	HSBC-FHFA 04821088	
7		
8	Exhibit 42804.....	106
9	E-mails Ending at E-mail dated 11/28/06	
10	From S. Herrnison to A. Dyson, with	
11	Attachments	
12	HSBC-FHFA 03344892 - 966	
13		
14	Exhibit 42805.....	123
15	E-mails Ending at E-mail dated 4/5/06	
16	From S. Herrnison to S. Salahuddin,	
17	with Attachments	
18	HSBC-FHFA 03316508 - 551	
19		
20	Exhibit 42806.....	133
21	E-mail dated 5/11/07 from	
22	S. Herrnison to S. Salahuddin	
23	HSBC-FHFA 0794805 - 806	
24		
25		

SAMUEL HERRNISON - 10/15/2013

Page 6

1	----- EXHIBITS CONTINUED -----	
2		
3	Exhibit 42807.....	139
4	E-mails Ending at E-mail dated 12/15/06	
5	From S. Herrnson to S. Thomas	
6	HSBC-FHFA 07889405 - 408	
7		
8	Exhibit 42808.....	147
9	E-mail dated 5/16/07 from S. Herrnson	
10	To S. Salahuddin, with Attachments	
11	HSBC-FHFA 07892537 - 550	
12		
13	Exhibit 42809.....	152
14	E-mails Ending at E-mail dated 6/5/07	
15	From S. Herrnson to M. Wirth, with	
16	Attachment	
17	HSBC-FHFA 04387734 - 736	
18		
19	Exhibit 42810.....	191
20	E-mail dated 11/27/06 from	
21	S. Herrnson to M. Wirth	
22	HSBC-FHFA 07136099 - 100	
23		
24		
25		



SAMUEL HERRNISON - 10/15/2013

Page 7

1 ----- EXHIBITS CONTINUED -----  
2 Exhibit 42811..... 193  
3 E-mails Ending at E-mail dated 11/27/06  
4 From S. Herrnson to J. Greco  
5 HSBC-FHFA 07889423 - 425  
6  
7 Exhibit 42812..... 206  
8 E-mails Ending at E-mail dated 4/4/06  
9 From S. Herrnson to P. Chmiel  
10 HSBC-FHFA 01941051 - 052  
11  
12 Exhibit 42813..... 215  
13 E-mail dated 4/7/06 from  
14 S. Herrnson to M. Murray  
15 HSBC-FHFA 04387620  
16  
17 Exhibit 42814..... 218  
18 E-mails Ending at E-mail dated 5/30/06  
19 From S. Herrnson to P.K. Banks  
20 HSBC-FHFA 01941046 - 048  
21  
22 Exhibit 42815..... 221  
23 E-mail dated 2/26/07 from S. Herrnson,  
24 With Attachments  
25 HSBC-FHFA 07891872 - 885

SAMUEL HERRNISON - 10/15/2013

Page 8

1 ----- EXHIBITS MARKED IN PRIOR SESSIONS -----  
2  
3 Exhibit 12403..... 29  
4 HSBC Mortgage Backed Securities Org Charts  
5 HSBC-FHFA 06352329 - 348  
6  
7 Exhibit 12407..... 171  
8 Series 2006-HE2 Prospectus Supplement to  
9 Prospectus dated 4/3/06  
10 HSBC-FHFA 0030588 - 651  
11  
12  
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## 1 S T I P U L A T I O N

2

3 Upon completion of the transcript of  
4 today's session, the original transcript shall  
5 be sent to counsel for the witness by the  
6 court reporter. Counsel shall promptly  
7 forward it to the witness for review,  
8 correction, and signature under penalty of  
9 perjury. The witness shall have 30 calendar  
10 days from the day of receipt of the original  
11 transcript (not including any preliminary or  
12 "rough" transcripts) within which to review,  
13 make any correction, sign the deposition  
14 transcript under penalty of perjury, and  
15 return it to counsel. The witness's counsel  
16 shall then forward the original transcript  
17 plus corrections to the court reporter, who  
18 will promptly notify all counsel of its  
19 receipt and any changes to testimony made by  
20 the witness.

21 If the witness is not represented by  
22 counsel, the original transcript will be sent  
23 to the witness by the court reporter. After  
24 review, correction, and signature within 30  
25 calendar days from the date of receipt, the

SAMUEL HERRN SON - 10/15/2013

Page 10

1 witness shall return the original transcript  
2 to the court reporter, who will notify all  
3 counsel of its receipt and any changes to  
4 testimony by the witness.

5 The court reporter will deposit the  
6 original transcript on a secure website. If,  
7 for any reason, the original is lost,  
8 misplaced, not returned, not signed, or  
9 unavailable, a certified copy may be used in  
10 its place for all purposes. The court reporter  
11 is otherwise relieved of any statutory duties.

12  
13 \* \* \* \* \*

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SAMUEL HERRNISON - 10/15/2013

Page 11

1 S. HERRNISON

2 October 15, 2013

3 New York, New York

4 ---

09:00:40

5 THE VIDEOGRAPHER: At the

09:00:40

6 outset of the deposition on the record all

09:00:41

7 counsel, both at the site and by remote

09:00:43

8 access, shall identify themselves and state

09:00:48

9 whom they represent. If any counsel

09:00:49

10 participating remotely joins the deposition

09:00:51

11 after it starts, that counsel will identify

09:00:53

12 himself or herself upon joining.

09:00:55

13 We're now recording and on the

09:00:57

14 record.

09:00:58

15 My name is Michael Drenkalo,

09:00:59

16 Certified Legal Video Specialist from Merrill

09:01:01

17 Legal Solutions. Today's date is October

09:01:04

18 15th, 2013. The time is 9:01 a.m.

09:01:05

19 We're at the offices of Quinn

09:01:08

20 Emanuel Urquhart & Sullivan LLP, 51 Madison

09:01:11

21 Avenue, New York, New York, to take the

09:01:13

22 videotaped deposition of Samuel Herrnson in

09:01:16

23 the matter of Federal Housing Finance Agency

09:01:18

24 versus HSBC North America Holdings, Inc.,

09:01:21

25 et al., in the United States District Court

09:01:25

SAMUEL HERRNISON - 10/15/2013

Page 12

1	S. HERRNISON	
2	for the Southern District of New York.	09:01:27
3	If counsel would please	09:01:29
4	introduce themselves for the record.	09:01:31
5	MR. WILLIAMS: Zach Williams,	09:01:33
6	Quinn Emanuel, representing FHFA.	09:01:35
7	MR. THUMIM: Leron Thumim from	09:01:38
8	Quinn Emanuel, representing FHFA.	09:01:39
9	MR. CONLON: John Conlon of	09:01:42
10	Mayer, Brown, representing the witness and	09:01:44
11	HSBC.	09:01:46
12	MR. KORSCHUN: Charles Korschun	09:01:49
13	for Mayer, Brown, representing the witness and	09:01:51
14	HSBC.	09:01:52
15	MR. HANCHET: Mark Hanchet of	09:01:54
16	Mayer Brown, representing HSBC.	09:01:55
17	THE VIDEOGRAPHER: And counsel	09:01:57
18	on the phone?	09:01:57
19	MS. SHUTKIN: Yes. This is	09:01:59
20	Elizabeth Shutkin from Simpson Thacher.	09:01:59
21	THE VIDEOGRAPHER: Our court	09:02:02
22	reporter today is Frank Bas of Merrill Legal	09:02:03
23	Solutions, who will now swear in the witness.	09:02:05
24	---	09:02:06
25		

SAMUEL HERRNSON - 10/15/2013

Page 13

1	S. HERRNSON	
2	S A M U E L H E R R N S O N ,	
3	called as a witness, having been duly	
4	sworn by a Notary Public (Frank J. Bas),	
5	was examined and testified as follows:	
6	EXAMINATION	09:02:07
7	BY MR. WILLIAMS:	09:02:07
8	Q. Good morning, Mr. Herrnson.	09:02:19
9	Could you spell your name for	09:02:21
10	the record?	09:02:22
11	A. Sure. Samuel, S-A-M-U-E-L;	09:02:22
12	Herrnson, H-E-R-R-N-S-O-N.	09:02:26
13	Q. Could you state your current	09:02:28
14	address?	09:02:30
15	A. [REDACTED]	09:02:31
16	[REDACTED]	09:02:35
17	Q. Have you ever been deposed	09:02:40
18	before?	09:02:43
19	A. No.	09:02:44
20	Q. Okay. Well, then we'll start	09:02:45
21	with a few rules of the road. I'm going to	09:02:47
22	ask questions, and answer audibly, no -- if	09:02:51
23	there's a yes-or-no, no nodding your head or	09:02:55
24	shaking your head. The court reporter has to	09:02:57
25	hear your answer.	09:03:00

SAMUEL HERRNISON - 10/15/2013

Page 94

1	S. HERRNISON	
2	don't -- I don't -- because I did not -- this	10:57:00
3	was not really my job, other than	10:57:03
4	facilitating, the thought of me even opening	10:57:07
5	up one of the files, I don't even remember	10:57:10
6	ever doing that.	10:57:12
7	Q. Did you ever send loan files to	10:57:13
8	Fannie Mae?	10:57:15
9	A. I -- whatever I was given from	10:57:15
10	Mark or Mark [sic] I sent to either -- I don't	10:57:18
11	think I sent it to Paul, but to Shayan.	10:57:22
12	Q. To someone over there?	10:57:24
13	A. Somebody.	10:57:26
14	Q. Okay.	10:57:27
15	A. But I can't tell you	10:57:28
16	specifically what -- because it was always --	10:57:29
17	it was always agreed upon, whatever they gave	10:57:30
18	me, just forward it. I think there were times	10:57:32
19	they forwarded themselves, like this one.	10:57:35
20	Q. Okay.	10:57:37
21	A. So I wasn't always involved in	10:57:38
22	the process of forwarding.	10:57:39
23	Q. Okay. But you don't recall	10:57:40
24	forwarding loan files to Fannie Mae or Freddie	10:57:42
25	Mac. Is that correct?	10:57:47



SAMUEL HERRNISON - 10/15/2013

Page 95

1 S. HERRNISON

2 A. I don't recall exactly what I 10:57:48

3 sent to them. 10:57:49

4 Q. Okay. Do you ever recall 10:57:50

5 forwarding loan tapes, Excel spreadsheets of 10:57:51

6 loan characteristics? 10:57:55

7 A. All I can tell you is that I 10:57:56

8 forwarded the information that Mark and Martin 10:57:57

9 gave me. 10:58:00

10 Q. Okay. And when Fannie Mae sent 10:58:00

11 materials back to you with their changes, do 10:58:07

12 you recall receiving those? 10:58:12

13 A. I'm sure I did, but I don't 10:58:14

14 recall. I mean, I was the contact, so I -- 10:58:17

15 I'm just, again, speculating that I did. But 10:58:21

16 there was communication between the two of 10:58:24

17 them, or the three of them, or whomever. 10:58:26

18 Q. What form would you have 10:58:30

19 received information from Fannie Mae? 10:58:33

20 A. Um -- 10:58:35

21 Q. Their changes to the pool, what 10:58:37

22 form would that have come in? 10:58:39

23 A. It would have to be some sort 10:58:41

24 of e-mail, I would bet. Or it could be an 10:58:43

25 attachment to a Bloomberg. I don't -- 10:58:45

SAMUEL HERRNISON - 10/15/2013

Page 107

1 S. HERRNISON

2 identification.)

11:13:24

3 ---

11:13:40

4 A. Am I just looking at the first

11:13:40

5 chart, or do you want me to go through this

11:13:43

6 whole thing?

11:13:44

7 Q. No, I'm interested also in the

11:13:44

8 attachment.

11:13:46

9 And just to lead you in the

11:14:14

10 right place, I'm curious a little bit about

11:14:16

11 the cover e-mail, but also the cover sheet of

11:14:19

12 one of the attachments at Bates -- at Page

11:14:22

13 Number 03344897.

11:14:26

14 Okay. So with respect to the

11:14:31

15 cover e-mail, it looks like this was sent by

11:14:32

16 you to AshleyDyson@FannieMae.com.

11:14:36

17 Do I have that correct?

11:14:40

18 A. You do.

11:14:41

19 Q. Okay. Do you recall sending

11:14:42

20 this e-mail?

11:14:44

21 A. No.

11:14:46

22 Q. Okay. Do you recall sending

11:14:46

23 e-mails of this sort, with term sheets

11:14:48

24 attached, to individuals at Fannie Mae with

11:14:51

25 any frequency?

11:14:56

SAMUEL HERRN SON - 10/15/2013

Page 108

1 S. HERRN SON

2 A. I sent attachments to Shayan 11:14:58  
3 whenever we had a deal. I sent, obviously, to 11:15:04  
4 Ashley, if she was working on the deal for 11:15:09  
5 him. 11:15:14

6 Q. At what point of the process 11:15:17  
7 would this have been sent along, in the sort 11:15:18  
8 of chronology? 11:15:21

9 A. If this was a new deal, which I 11:15:22  
10 only sold them, it would be at the very 11:15:25  
11 beginning. 11:15:27

12 Q. At the very beginning. Okay. 11:15:27  
13 So would this have been the 11:15:30  
14 first -- the term sheet, would that have been 11:15:31  
15 the first piece of information that you would 11:15:36  
16 see? 11:15:38

17 A. I don't know. 11:15:39

18 Q. Let's turn to the -- 11:15:39

19 A. I just want to make this clear. 11:15:40

20 Q. Sure. 11:15:42

21 A. That once Mark or Martin told 11:15:43  
22 me we're going to do a deal, I would either 11:15:45  
23 phone or send whatever information they gave 11:15:48  
24 me to whomever, whether it was Ashley working 11:15:52  
25 on it, or Shayan. But that's generally the 11:15:56

SAMUEL HERRNISON - 10/15/2013

Page 109

1 S. HERRNISON

2 process at the beginning.

11:16:00

3 Q. Okay. So, for example, the

11:16:01

4 term sheet, which is at 03344897, are you

11:16:05

5 familiar with a term sheet?

11:16:13

6 A. I am familiar with a term

11:16:17

7 sheet.

11:16:18

8 Q. Generally with term sheets?

11:16:19

9 A. Yes. Not specifically this

11:16:21

10 one.

11:16:23

11 Q. Right. What did term sheets

11:16:23

12 typically contain?

11:16:27

13 A. Information about the

11:16:27

14 collateral pool. Legal information. The

11:16:36

15 structure of the deal. I mean, that's all I

11:16:39

16 remember.

11:16:48

17 Q. So did you, either in the

11:16:48

18 process of sending these to Fannie Mae or at

11:16:51

19 any time during your time at HSBC, ever review

11:16:54

20 any of the term sheets that you passed along?

11:16:59

21 A. I can't recall. But that --

11:17:02

22 that's not my expertise.

11:17:05

23 Q. Okay. Looking at the cover, or

11:17:06

24 at the first page of this, that gigantic

11:17:11

25 amount, dollar amount, a billion 613 million

11:17:15

SAMUEL HERRN SON - 10/15/2013

Page 146

1 S. HERRN SON

2 that. If -- I don't know the answer. We 12:08:35

3 owned the pool, so to my knowledge we're given 12:08:40

4 information from the originator. That 12:08:43

5 information, whatever was requested by Fannie, 12:08:48

6 was populated the way Fannie wanted it. I 12:08:51

7 don't know any other way to answer it. 12:08:54

8 Q. So are you aware of any other 12:08:55

9 possible source of information about each 12:08:57

10 individual deal or pool? 12:08:59

11 A. I am not aware. 12:09:01

12 MR. CONLON: Object to the 12:09:02

13 form. 12:09:02

14 BY MR. WILLIAMS: 12:09:13

15 Q. Okay. What about after Fannie 12:09:14

16 purchased a certificate; did you help provide 12:09:26

17 them the prospectus supplement? 12:09:31

18 A. I think that was sent 12:09:33

19 automatically to every investor that bought. 12:09:37

20 Q. Okay. Did you provide them 12:09:39

21 with any other information or documentation 12:09:40

22 after the purchase was made? 12:09:42

23 A. I don't remember. 12:09:46

24 Q. Okay. Did you provide them 12:09:46

25 mortgage loan purchase agreements? 12:09:51